

ONE HUNDRED THIRTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115  
Majority (202) 225-2927  
Minority (202) 225-3641

January 6, 2014

Mr. Peter Liguori  
President and Chief Executive Officer  
Tribune Company  
435 North Michigan Avenue  
Chicago, IL 60611

Dear Mr. Liguori:

I wrote you on December 19 to express my concern about the terms that the Tribune Company is imposing on the *Los Angeles Times* and other newspapers as part of a corporate restructuring. What I have learned since then has heightened my concerns. It appears that you are putting onerous conditions on the *Los Angeles Times* and other newspapers that could jeopardize their survival as a separate entity, the Tribune Publishing Company. At a minimum, you appear to be putting the profits of the Tribune Company ahead of the interests of the public in viable local newspapers.

Because of the difficulties facing the newspaper industry, other companies have spun off their print publishing units. But none have saddled their newspaper units with the punishing terms you are proposing for the Tribune Publishing Company.

For example, the News Corporation separated its publishing assets last year from its entertainment interests. In this transaction, the newly created publishing company received \$2.6 billion in capital, \$1.82 billion of which came from the parent company.<sup>1</sup> Additionally, the publishing company had no existing debt upon its creation.<sup>2</sup>

In contrast, according to the paperwork filed with the Securities and Exchange Commission, the newspaper unit created by the Tribune Company's spinoff would be required to go into debt to pay a large cash dividend to the Tribune Company funded exclusively through

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<sup>1</sup> *In Filing, News Corp. Says It Will Provide \$2.6 Billion to Its New Publishing Company*, New York Times (Mar. 8, 2013).

<sup>2</sup> *Plans for Tribune Spinoff Raises Concerns for Future of Newspaper Operations*, New York Times (Dec. 22, 2013).

borrowing.<sup>3</sup> The newspaper unit could potentially be forced to borrow several hundred million dollars to pay this unnecessary dividend. In addition, the historic Los Angeles Times building will become the property of the Tribune Company, which will force the *Los Angeles Times* to pay rent to stay in its own building.<sup>4</sup> These actions make it appear as if the Tribune Company is looting the *Los Angeles Times* and other newspapers before the spinoff.

Analysts have been critical of the terms of the deal. Ken Doctor, an analyst for Newsonomics, said that the newspapers could be “in trouble from Day 1.”<sup>5</sup> Alan Mutter, an industry consultant, said: “It’s one thing to be given a tidy sum and told it’s time for you to leave this estate and go out into the world and make your fortune. It’s quite another for the estate to borrow money in your name, take your clothes and shoes, and boot you out to fend for yourself.”<sup>6</sup>

I understand that your general counsel will be meeting with my staff to discuss this transaction on January 15, which I very much appreciate. But given what is at stake for the future of journalism in Los Angeles and the other affected cities, a thorough investigation is warranted. For that reason, I am requesting that you provide the following documents prior to the meeting:

1. All documents provided to you or the board of the Tribune Company, including communications, assessing the future viability of the *Los Angeles Times* and the Tribune Company’s other newspaper interests;
2. All documents provided to you or the board, including communications, relating to the Tribune Publishing Company’s requirement to pay a cash dividend to the Tribune Company;
3. All documents provided to you or the board, including communications, relating to the requirement that the Tribune Publishing company or its newspaper entities pay rent to Tribune Real Estate Holdings, LLC, and its subsidiaries;
4. All documents provided to you or the board, including communications, relating to the capital that Tribune Company intends to award to the Tribune Publishing Company;

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<sup>3</sup> Securities and Exchange Commission, Tribune Publishing Company – Form 10 General Form for Registration of Securities Pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934 (Dec. 9, 2013).

<sup>4</sup> *Id.*

<sup>5</sup> *Plans for Tribune Spinoff Raises Concerns for Future of Newspaper Operations*, New York Times (Dec. 22, 2013).

<sup>6</sup> *Id.*

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5. All documents provided to you or the board, including communications, relating to the Tribune Company retaining ownership of CareerBuilder and Classified Ventures; and
6. All documents provided to you or the board, including communications, relating to the Tribune Company's obligations to the pensions earned by employees of the eight newspapers that will form the Tribune Publishing Company.

If you have any questions regarding this request, please contact Shawn Chang at (202) 226-3400.

I look forward to meeting with you personally in the coming weeks to discuss the future of the *Los Angeles Times*.

Sincerely,



Henry A. Waxman